

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Product Prices
International Priority Airmail, Commercial ePacket,
Priority Mail Express International, Priority Mail
International & First-Class Package International
Service Contract 8 (MC2020-171)
Negotiated Service Agreements

Docket No. CP2020-194

PUBLIC REPRESENTATIVE COMMENTS ON
POSTAL SERVICE NOTICE CONCERNING MODIFICATION ONE TO
INTERNATIONAL PRIORITY AIRMAIL, COMMERCIAL EPACKET,
PRIORITY MAIL EXPRESS INTERNATIONAL, PRIORITY MAIL INTERNATIONAL &
FIRST-CLASS PACKAGE INTERNATIONAL SERVICE
CONTRACT 8 NEGOTIATED SERVICE AGREEMENT

(December 17, 2020)

The Public Representative hereby provides comments pursuant to the Commission notice initiating this docket.¹ In that notice, the Commission established the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, on a Postal Service notice of filing Modification One to International Priority Airmail, Commercial ePacket, Priority Mail Express International, Priority Mail International & First-Class Package International Service Contract 8 negotiated service agreement (Contract).²

¹ Notice Initiating Docket(s) for Recent Postal Service Negotiated Service Agreement Filings, December 11, 2020.

² Notice of United States Postal Service of Filing Modification One to International Priority Airmail, Commercial ePacket, Priority Mail Express International, Priority Mail International & First-Class Package International Service Contract 8, December 10, 2020 (Notice).

In Order No. 5569, the Commission approved the addition of the original Contract to the competitive product list.³ The Contract will now remain in effective until February 28, 2023. Attachment 1 at 2.

COMMENTS

The Public Representative has reviewed the Postal Service's Notice, the original Contract, the modified Contract, supporting attachments, and financial model filed under seal. Based upon that review, the Public Representative concludes that the Contract will continue to generate sufficient revenues to cover costs and thereby satisfy the requirements of 39 U.S.C. § 3633(a).

Sufficient Revenue Requirement. Pursuant to 39 U.S.C. § 3633(a), the Postal Service's competitive prices must not result in the subsidization of competitive products by market dominant products; ensure that each competitive product will cover its attributable costs; and, ensure that all competitive products collectively contribute an appropriate share of the institutional costs of the Postal Service.

Based upon a review of the financial data, the negotiated prices for the modified Contract should generate sufficient revenues to cover costs during the first year of the modified Contract and therefore meet the requirements of 39 U.S.C. § 3633(a). The Contract is expected to remain in effect until February 28, 2023, and contains a mechanism for annual upward adjustment of prices. The Postal Service must file revenue and cost data for the Contract for review in future Annual Compliance Reports. This data will permit the Commission to annually review the financial results for the Contract for compliance with 39 U.S.C. § 3633(a).

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

³ Docket Nos. MC2020-171 and CP2020-194, PRC Order No. 5569, Order Adding International Priority Airmail, Commercial ePacket, Priority Mail Express International, Priority Mail International, and First-Class Package International Service Contracts to the Competitive Product List, June 29, 2020.

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